INLAND NATURAL GAS CO. LTD.
1971 annual report

INLAND NATURAL GAS CO. LTD.
19TH ANNUAL REPORT

CONTENTS

COVERS:

One hundred years ago British Columbia entered into Canadian Confederation. We thought it would be interesting to our shareholders to see the prominent part which the interior of British Columbia played in Canada's entry into Confederation by the front and back covers of this report which illustrate the modern Cariboo Highway. The back cover inset is a line drawing of the old Cariboo wagon road built in 1863 to transport men and supplies to the Cariboo gold fields and the settlement of Barkerville, then the largest community west of Toronto and north of San Francisco. Without the incentive of gold, the Cariboo Road would not have been built and the country east of the coast mountains with its thriving communities, cattle ranching and other mining prospects would have remained wilderness.

If the interior of the Province had remained undeveloped it is doubtful that the newly united eastern colonies would have undertaken to build a railway across 3,000 miles of muskeg, prairie and mountains. Without such a railway, British Columbia would not have become a Province of Canada. Thus it can be said from the outset that the interior of British Columbia played a prominent role in this Province's entry into Confederation and has continued, and undoubtedly will continue, to make a contribution to the growth of this great Province.

BACKGROUND PICTURE
Surveyors with Indian dugout canoe at Murchison Rapids on the North Thompson then expected to be the route taken by the C.P.R. Photo 1871 donated by the Kamloops Museum Association.

Foldout

TO OUR SHAREHOLDERS

By a resolution dated January 19, 1972, the Directors of your Company have increased the quarterly dividend on common shares from 15c to 16½c per share payable February 15, 1972, to shareholders of record at the close of business February 4, 1972.

Earnings

A Comparative Statement of Consolidated Income for the six months ended December 31, 1971, and December 31, 1970, together with a Comparative Statement of Consolidated Source and Application of Funds are set out herewith. Natural gas sales were $7,836,763 for the six months ended December 31, 1971. Natural gas sales for the same period in 1970 were $7,127, 982. The total number of customers served as of December 31, 1971, were 45,894 compared to 41,729 as of December 31, 1970. This represents an increase of 4,165 customers which is equivalent to 10%.

Capital Program

You will note in the Comparative Statement of Consolidated Source and Application of Funds that your Company spent $7,926,764 on additions to property, plant and equipment for the six months ended December 31, 1971. The largest single item was the construction of 103 miles of 12" transmission line from a point on the Westcoast main line near Kingsvale to Inland's transmission line in the vicinity of Oliver, B.C. Other capital expenditures included the installation of propane-air peak shaving plants in Kelowna and Penticton, mains and services to provide service to the new customers mentioned above and system improvements.

Financing

The capital program was financed by the sale of $7½ million, 20 year, 8¼% First Mortgage Sinking Fund Bonds, together with short-term borrowings and funds generated internally by the Company.

Natural Gas Supply

Inland purchases all of its natural gas requirements from Westcoast Transmission Company Limited. The contract between Inland and Westcoast gives Inland the right to purchase from Westcoast up to a maximum daily quantity of firm gas totalling 170 million cubic feet. Under the contract, Inland is required to nominate one year in advance what its estimated maximum day firm gas requirements will be. Several large industrial plants in your Company's service area are in the final stages of construction and it is anticipated that they will commence using natural gas in the last quarter of the current fiscal year. These plants are expected to be in full swing during the fiscal year 1972/73. The resultant firm natural gas requirements of large industrial customers, together with a normal increase in the natural gas requirements to serve the growing number of residential, commercial and small industrial customers, requires your Company to increase its nomination for firm gas from Westcoast from 90 million cubic feet per day to 115 million cubic feet per day. This represents a 28% increase.

J. R. McMahon

Chairman and President

Vancouver, B.C.
February 2, 1972

Corp report

INLAND
NATURAL GAS CO. LTD.

INTERIM REPORT

DECEMBER 31, 1971

INLAND NATURAL GAS CO. LTD. *and wholly-owned subsidiary companies*

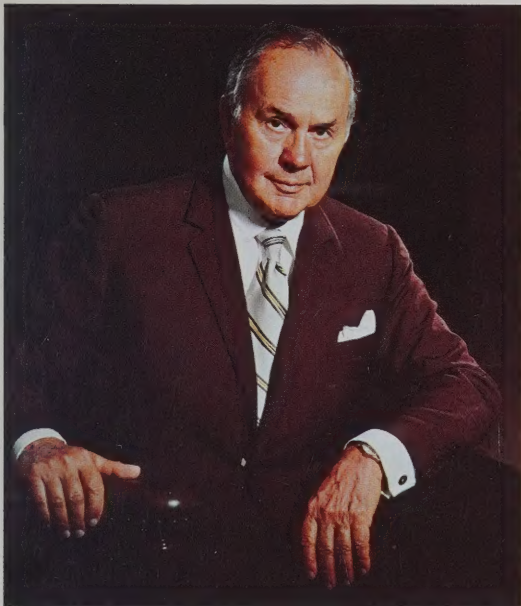
COMPARATIVE STATEMENT OF CONSOLIDATED INCOME

	Six Months Ended Dec. 31, 1971	Six Months Ended Dec. 31, 1970
Revenue		
Sale of gas	**$ 7,836,763**	$7,127,982
Transportation allowance	**123,403**	114,674
Subsidiary companies (net before income tax)	**182,798**	140,796
Interest during construction	**246,170**	10,624
Other income	**178,264**	126,900
	8,567,398	7,520,976
Expenses		
Purchase of gas	**3,508,404**	3,296,744
Operating expenses	**1,264,362**	1,179,528
Interest and amortization on funded debt	**1,007,130**	941,211
Other interest	**117,436**	104,881
Depreciation and depletion, including subsidiaries	**622,304**	599,392
	6,519,636	6,121,756
Income before income taxes	**2,047,762**	1,399,220
Provision for income taxes	**327,111**	295,169
Net income	**1,720,651**	1,104,051
Dividends declared on preference shares	**200,000**	200,000
	$ 1,520,651	$ 904,051
Common shares outstanding on December 31st	**2,822,122**	2,571,843
Earnings per common share (after provision for dividends on preference shares)	**$0.54**	$0.35
Sale of natural gas — Mcf	**10,365,095**	9,761,326

COMPARATIVE STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

	Six Months Ended Dec. 31, 1971	Six Months Ended Dec. 31, 1970
Source of Funds		
Net income for the six months	**$ 1,720,651**	$1,104,051
Add — Non-cash charges to income		
Depreciation and depletion	**622,304**	599,392
Amortization of discount and expense on funded debt	**31,661**	37,544
Cash flow from operations	**2,374,616**	1,740,987
Gain on purchase of funded debt for sinking funds	**75,164**	—
Mortgage issued by subsidiary company	**225,000**	—
Funded debt issued	**7,500,000**	—
	10,174,780	1,740,987
Application of Funds		
Additions to property, plant and equipment	**7,926,764**	1,606,069
Increase in non-current assets	**75,179**	10,606
Sinking fund for bonds and debentures	**713,500**	—
Dividends on preference and common shares	**1,046,637**	842,961
Funded debt issue expenses	**242,888**	—
	10,004,968	2,459,636
Increase (decrease) in working capital	**169,812**	(718,649)
Working capital deficit at June 30	**3,472,929**	1,732,295
Working capital deficit at Dec. 31	**$ 3,303,117**	$2,450,944

The above statement has been prepared from the books of account and is unaudited.



TO OUR SHAREHOLDERS

Your Company established a new record in achieving gross revenues of $16,782,496 during the year ended June 30, 1971. Net earnings per share were also near record levels at 87c after providing $992,262 for income tax, compared to 68c per share in the previous year after providing $632,873 for income tax. Accounting for the higher revenues was the increase in the number of customers served over the previous year, coupled with an extended period of cooler weather. Approximately 95% of our residential and commercial customers use natural gas for space heating, therefore gas sales are extremely sensitive to weather conditions. Unfortunately, some of the pulp mills that are large consumers of natural gas were down for almost sixty days due to strikes and a declining demand for pulp. Had these conditions not existed there would have been a further gain in gross and net earnings over the previous year.

Outlook for Fiscal Year 1972

We are looking forward to another very successful year. We added 3,048 new customers during the year ending June 30, 1971, and our surveys indicate that we will exceed this figure in the coming fiscal year. In addition to this, major contracts have been signed with British Columbia Forest Products for their pulp and lumber operations at Mackenzie and negotiations are proceeding with the Cariboo Pulp & Paper Company to supply their plant at Quesnel. Both of these plants are under construction and expect to be using natural gas during the year 1972.

Increased quantities of natural gas have been contracted for by Cominco for its operations at Trail, B.C., which will include their chemical fertilizer plant when it resumes operation on or about the 1st of November, 1971.

We have a number of large industrial customers that were on stream for only a short period during the fiscal year ending June 30, 1971. We can look forward to increased sales from these customers during the coming year as they will be on for a full twelve months. We also have some customers that are expanding their operations, and upon completion, will increase their purchases of natural gas. To summarize, we expect a significant increase in our industrial revenues for the fiscal year ending June 30, 1972.

There are a number of industries planning to take advantage of the Government of Canada's Regional Development Incentive Act in the Grand Forks-West Kootenay District, which is in your Company's service area. British Columbia Hydro and Power Authority have announced that work will start shortly on the $100 million Kootenay Canal Power Project between Nelson and Castlegar. This project will provide a noticeable stimulant to the economy of the West Kootenays. It is a three to four year project, and it is estimated that the peak employment will be approximately 500 people.

It is a pleasure to report that the Directors during their meeting on January 28, 1971, increased the quarterly dividend from 12½c to 15c per common share.

Yours sincerely,

J. R. McMahon

Chairman of the Board and President
September 24, 1971

DIRECTORS

Ronald L. Cliff	President, British Columbia Transformer Co. Ltd.
Roderick M. Hungerford	President, Flex-Lox Industries Ltd.
Cyrus H. McLean	Retired, former Chairman, B.C. Telephone Company
John A. McMahon	Chairman of the Board and President, Inland Natural Gas Co. Ltd.
Donald R. MacPhail	Vice-President and Secretary, Inland Natural Gas Co. Ltd.
Richard B. Stokes	Vice-President, Finance, Inland Natural Gas Co. Ltd.
Norman R. Whittall	Industrialist

All directors reside in Greater Vancouver, B.C.

OFFICERS

John A. McMahon	Chairman of the Board and President
Donald F. Blane	Vice-President, Sales and Service
Roderick M. Hungerford	Vice-President
Robert E. Kadlec	Vice-President, Engineering
Clifford I. Kleven	Treasurer and Controller
Donald R. MacPhail	Vice-President and Secretary
Richard B. Stokes	Vice-President, Finance

HEAD OFFICE

1075 West Georgia Street, Vancouver 5, B.C.

REGISTRAR

Canada Permanent Trust Company, Vancouver, B.C.

TRANSFER AGENT

Canada Permanent Trust Company,
Vancouver – Calgary – Toronto – Montreal

AUDITORS

Riddell, Stead & Co.

WHOLLY-OWNED SUBSIDIARIES

Peace River Transmission Company Limited
Grande Prairie Transmission Co. Ltd.
Inland Development Co. Ltd.
St. John Gas & Oil Co. Ltd. (N.P.L.)
Inland Transmission Co. Ltd.
Inland Development (1957) Co. Ltd.

ANNUAL MEETING—10:30 A.M. P.D.T. OCTOBER 28, 1971. VANCOUVER HOTEL, VANCOUVER, B.C.

HIGHLIGHTS

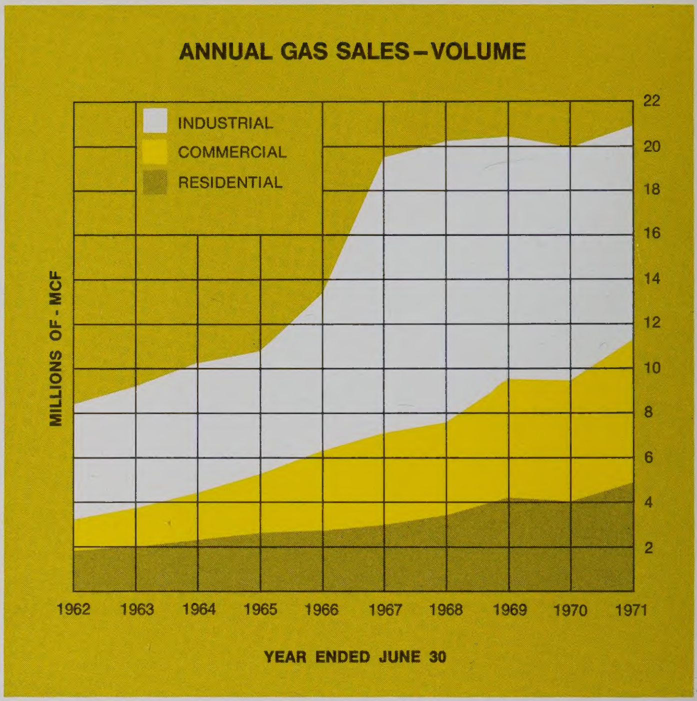
	1971	*1970*
FINANCIAL		
Sale of Gas	$16,264,548	$14,855,615
Total Revenue	$16,782,496	$15,301,721
Net Income	$ 2,645,957	$ 2,142,049
Common Shares Outstanding		
weighted average	2,578,100	2,571,843
year end	2,822,122	2,571,843
Net Income per Common Share		
weighted average	87c	68c
Dividends on Common Shares	55c	50c
Dividends on Preference Shares	$ 1.00	$ 1.00
Cash Flow from Operations	$ 3,926,132	$ 3,311,654
Cash Flow from Operations per Common Share		
weighted average	$ 1.52	$ 1.29
Total Assets	$56,765,853	$52,091,430
OPERATING		
Total Gas Sales (MMcf)	20,919	19,999
Number of Customers	42,394	39,346

New Regional College - Kamloops

DIRECTORS' REPORT

Revenue

Your Company's revenues increased substantially during the year under review. Inland's utility revenue from sales of natural gas reached an all time high of $15,544,855 compared to $14,146,424 in the prior year. Residential, commercial and small industrial sales were up, due to the addition of 3,048 new customers during the year and also colder weather than normal. Degree days throughout the system were approximately 4% more than normal and almost 10% more than in the previous year. A partial offset to this increased revenue was a decrease in sales to large industrial users. Several of our customers operating large pulp mills were closed for approximately sixty days, due to strikes and a declining market for pulp. Other operating revenue amounted to $283,918. The comparative figure for the prior year was $217,074 after giving effect to a $46,000 abandonment of certain leased properties of St. John Gas & Oil Co. Ltd., a wholly-owned subsidiary. Other operating revenue includes mainly income from the sale, rental and financing of various gas appliances as well as customer connection charges and interest on plant under construction, all of which realized gains over the prior year.

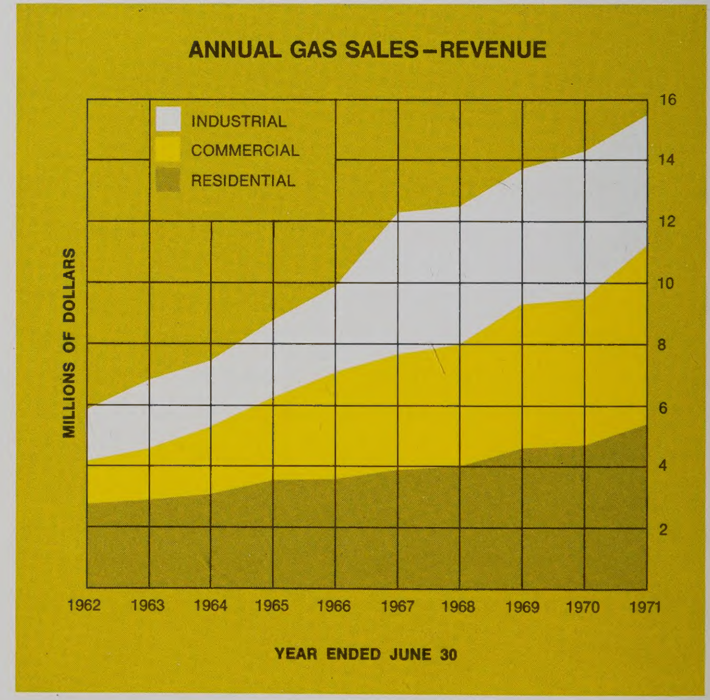


Expenses

The cost of natural gas purchased for Inland's utility operations for the year was $6,949,267, compared to $6,650,914 in the previous year. The unit cost per thousand feet remained at 33c, consistent with the prior year.

Operation and maintenance expenses for the current year were $1,837,072, compared to $1,777,335 in the previous year. Much of this increase can be attributed to higher salaries, wages and employee benefits, which increased to $1,889,000 compared to $1,809,000 in fiscal 1970. A major portion of new plant construction is performed by the Company's own work force, therefore a substantial portion of salaries, wages and related costs are capitalized.

The Company employed, on the average, 188 employees during the year. Approximately 70% of the Company's employees are unionized and are covered by two separate collective agreements. A two-year collective agreement with the Office and Technical Employees Union was recently signed and will remain in effect until March 31, 1973. The other collective agreement with the International Brotherhood of Electrical Workers Union expires on September 12, 1971 and a new agreement is now under negotiation.



Property and Franchise Taxes

Your Company continues to be a major contributor to the welfare of the communities it serves. This year, franchise fees and property taxes amounted to $832,241 which was an increase of $125,116 over the previous year.

Depreciation

The following table sets out depreciation rates for major plant classifications:

Transmission and distribution mains	2%
Meters, compressors, buildings, measuring and regulating equipment	3%
General equipment	5% to 15%

A change in the depreciation rate applied to equipment on customer's premises from 5% to 10% resulted in Inland's composite depreciation rate rising to 2.41% from the previous year's 2.35%. Consolidated depreciation increased from $1,094,611 in fiscal 1970 to $1,213,018 in fiscal 1971. The majority of this increase was attributable to capital expenditures in the prior year.

Interest Cost on Debt

Interest on funded debt has decreased from $1,852,510 to $1,773,142, due to the reduction of long-term debt through sinking fund retirements. Other interest increased from $77,290 in fiscal 1970 to $165,745 in fiscal 1971 due to increased short-term borrowings. The levels of interest rates on short-term loans compared to long-term rates have been very favourable during the year and your Company has taken advantage of this situation. In addition to internally generated funds, cash requirements have been met by means of Banker's acceptances, the Company's own commercial paper and bank loans.

Income Taxes

Note 7 to the Consolidated Financial Statements sets out the Company's method of computing income taxes. Income taxes for the year under review were $992,262, which was an increase of approximately $360,000 over the prior year.

Proposed Income Tax Legislation

Mention was made in the 1970 Annual Report of the discrimination against shareholders in investor-owned gas and electric utilities contained in the Federal Government's White Paper on Taxation. On June 30, 1971, the new Tax Reform Bill was introduced in the House of Commons and was given first reading. It was gratifying to note that the Tax Reform Bill does not contain any discrimination regarding dividend tax credits towards shareholders of investor-owned utilities but rather treats them in the same manner as shareholders in any other Canadian Corporation.

Financing

During the current year shareholders of record on May 14, 1971 were issued rights enabling them to purchase one additional common share at a price of $10.00 per share for each ten common shares then held. Subscriptions were received for 97.3% of the shares offered with proceeds of $2,502,790.

Your company is presently proceeding towards a $7.5 million issue of First Mortgage Bonds. The issue, which will take place this Fall, has been approved in principle by the Public Utilities Commission of British Columbia. Funds from this issue and the rights issue mentioned above, along with bank loans and other short-term borrowings, will provide for the Company's capital program in the 1972 fiscal year.

Share Distribution

Approximately 94% of the shareholders of Preferred and Common stock of the Company are resident in Canada. The distribution of each class of shares is set forth herewith:

	Shareholders		Shares Held	
	1971	1970	1971	1970
Preferred				
Canada	2,340	2,406	397,764	398,232
U.S.A.	15	13	1,610	1,342
Others	7	7	626	426
	2,362	2,426	400,000	400,000
Common				
Canada	4,407	4,218	2,294,126	2,006,005
U.S.A.	315	391	213,340	218,466
Others	88	119	314,656	347,372
	4,810	4,728	2,822,122	2,571,843

The principal and interest payments on all of the funded debt of the Company are payable in Canadian funds only.

Capital Expenditures

The total capital expenditures during the current fiscal year were approximately $5,500,000 of which $3,500,000 was work in progress at the year end, and is included in expenditures outlined below under future capital requirements. The major capital projects completed during the year were additional supply lines to Prince George and Rutland at a cost of $400,000. Routine distribution mains, services and other plant accounted for the remaining $1,600,000.

Future Capital Requirements

Your Company is embarking on its largest annual capital program since the original system was constructed. The total program during fiscal 1972 is estimated to cost $11,600,000. The major project will be the construction of approximately 100 miles of 12″ transmission line from the Westcoast main line near Kingsvale, to Inland's transmission line in the vicinity of Oliver, B.C. at an estimated cost of $7,000,000.

Other projects include the installation of propane-air peak shaving plants in Kelowna and Penticton at a cost of $526,000. Facilities will be constructed to serve new industrial customers and the villages of Ashcroft, Cache Creek and Logan Lake. The Company has also budgeted for the installation of remote control equipment to monitor and control purchases from our supplier Westcoast Transmission Company Limited and a new combined sales, service and construction centre is being built in Kamloops.

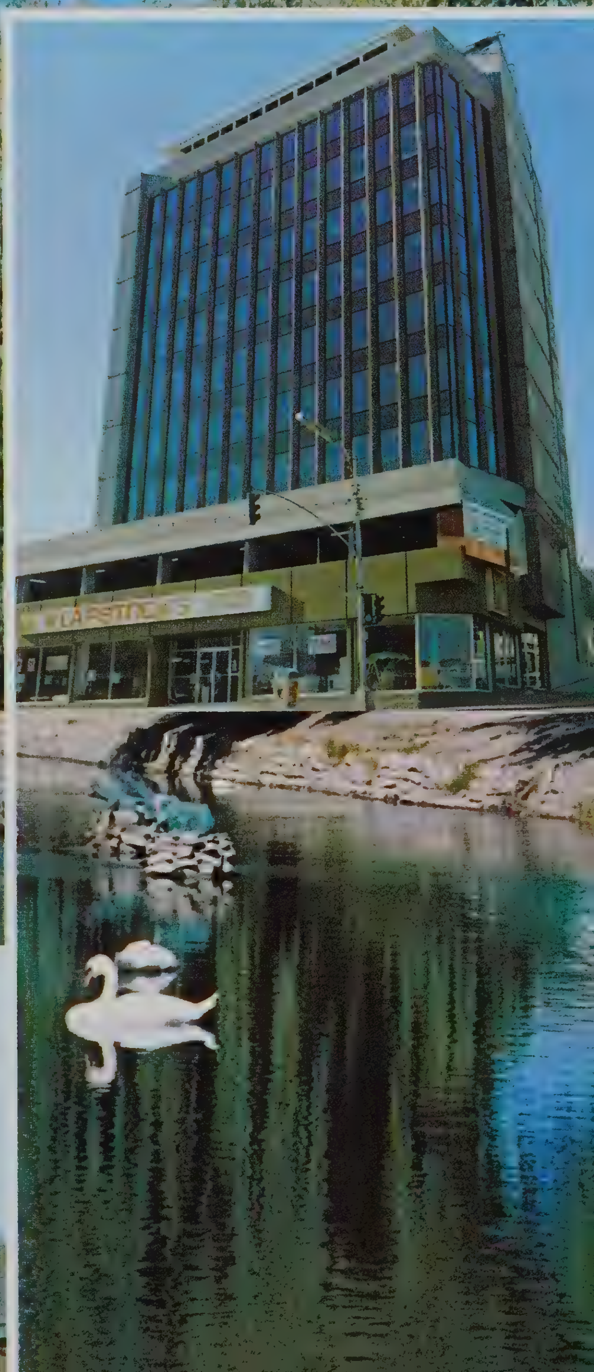
Most of the projects mentioned above are presently under construction and some are nearing completion. The balance of the capital budget will provide for routine distribution mains, services and other equipment.

Background and top right pictures illustrate construction on Inland's 100 mile twelve inch transmission line from Kingsvale to Oliver.

Above: Installation of propane air peak shaving plant - Penticton. A larger plant is under construction at Kelowna.

Left: Inspector checks Fraser River crossing to Ashcroft, one of the new areas to be serviced in 1971.

The continued extensive use of natural gas in new residential and commercial construction is helping to minimize air pollution throughout your Company's service area.



Capacity and Security of Service

In previous annual reports, reference was made to ways and means of increasing the Company's capacity in order to satisfy the growing demand for natural gas in your Company's service area, and also improve security of service to our customers. To increase the capacity and at the same time to improve security of service, we are presently constructing 100 miles of high pressure transmission line from a point on the Westcoast transmission line near Kingsvale to Inland's transmission line near Oliver, B.C. This line will also serve the Similkameen Valley which has considerable growth potential in the mining and forest industries. A map on the inside back cover of this report includes this new transmission line.

During the year under review, another project that was completed to improve security of service was the construction of an additional transmission line to supply the City of Prince George.

Natural Gas Supply

Inland purchases all of its natural gas requirements from Westcoast Transmission Company Limited. The contract between Inland and Westcoast gives Inland the right to purchase from Westcoast up to a maximum daily quantity of 170,000,000 cubic feet. The contract consists of a billing demand charge and a commodity charge for all firm gas purchased and the agreement remains in effect up to and including October 31, 1991 with respect to volumes of gas to be purchased, and to October 31, 1987, without any escalation in price.

Under the contract Inland is required to nominate one year in advance what its estimated maximum day requirements will be.

The contract provides Inland with enough gas to meet its natural gas requirements over the foreseeable future, as the maximum firm day this year was approximately one-half the amount under contract.

Long Term Natural Gas Requirements in Our Service Area

The British Columbia Energy Board have completed a study on the long term electrical requirements in this Province. Their report indicates that the population will grow at a yearly rate of 2.9% from 1970 to 1990, when it will reach 3,837,000 compared to 2,137,000 last year. The total use of electrical power in 1990 for residential, commercial and industrial use is estimated to be four times that of 1970.

In areas of the country where there is an abundant supply of natural gas, such as there is in the Province of British Columbia, there is a close parallel between the growth in demand for natural gas and electricity.

In Inland's service area the population has been growing faster than the Provincial rates. The abundance of natural resources and the many other attributes of the area assures a continued high growth pattern. We are in the fortunate position in British Columbia of having large proven natural gas reserves in the northern area of the Province to meet the projected load growth.

Inland Staff demonstrate appliances displayed in local office showrooms.

Sales and Market Development

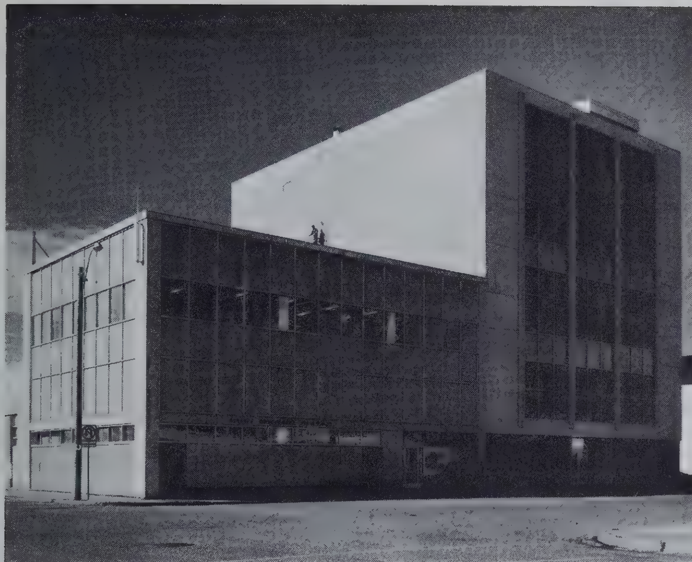
Over 3,000 new customers were attached to Inland's system during the year under review. A considerable number of these customers were persons who converted their homes and businesses from other forms of fuel to natural gas. A growing public awareness of the reduction of pollution associated with natural gas and the definite cost advantages of this clean fuel assures a continuing penetration of both new construction and conversion markets. Inland actively promotes the sale and lease of gas appliances at each branch office. Attractive displays and competitive financing terms have resulted in a good revenue growth during the current year.

Over the last twelve months approximately 95% of all new construction on Inland's distribution system installed natural gas. Company field staff, through participation in organizations such as Boards of Trade, Chambers of Commerce, dealer and construction associations ensure a continued high degree of saturation in the new construction market.

Your Company's marketing program is assisted by various advertising, sales promotion and public relation activities such as Parades of Homes, direct mail to non-customers, area development advertising and the support of various community activities.

A recent development expected to increase our industrial loads is the Federal Government's new income tax legislation allowing industry to write-off anti-pollution equipment over a two year period.

New standards for lower moisture content of lumber resulted in the installation of additional kilns by most operators in the Inland territory and there was a total of 75 gas heated dry kilns in use at June 30, 1971.



New Alberta Government Telephone Building at Grande Prairie.

WHOLLY-OWNED SUBSIDIARIES

Peace River Transmission Company Limited

The Company purchases gas from the gathering system of Westcoast Transmission Company Limited and delivers the gas through 33 miles of transmission lines to the outskirts of the City of Dawson Creek in northern British Columbia, where the gas is sold to Northland Utilities (B.C.) Limited for distribution in Dawson Creek and Pouce Coupe.

Gas sales for the year ended June 30, 1971, were 1,095 million cubic feet compared to 1,162 million cubic feet for the previous year. The decrease in annual sales was a direct result of the shutdown of the B.C. Hydro generating plant at Dawson Creek, which is now operative on a standby basis only.

Grande Prairie Transmission Co. Ltd.

The Company receives its gas supply from three fields north of Grande Prairie in the Peace River area of Alberta. The Company operates the gas wells and transmits the gas through a system of 82 miles of transmission lines and three compressor stations to the City of Grande Prairie and five other small communities in the immediate area where the gas is sold to Northland Utilities Limited for distribution in these communities.

Gas sales for the year ended June 30, 1971, were 1,354 million cubic feet compared to 1,262 million cubic feet for the previous year.

A significant increase in future gas load for this Company is anticipated when the Proctor & Gamble Company complete their $90 million pulp mill near Grande Prairie.

This additional load will come from persons locating in the town and service industries which will be attracted to the area.

The Company appeared before the Public Utilities Board of Alberta in February, 1971 seeking a rate increase from its customer Northland Utilities Limited. The result of this rate hearing was that the Board allowed the Company a 9.25% rate of return on its depreciated rate base, and the resulting rate increase will be reflected in earnings during the coming fiscal year.

The Board also approved capital expenditures for 1972 estimated at $209,000, consisting principally of the addition of one new compressor and modifications to existing compressor installations.

St. John Gas & Oil Co. Ltd. (N.P.L.)

The Company holds interests in lease selections from former permits 22 and 30 near Fort St. John in northeastern British Columbia, and participates in the production of gas and oil.

Inland Development Co. Ltd.

This Company continues to generate the major portion of its revenue from 2nd mortgages it holds on residential and commercial properties in the Inland service area.

In June of this year the Company undertook the development of the second stage of the Vernon Subdivision. This development will create 63 fully serviced lots in a prime residential area of Vernon. Building in the Vernon area is progressing very favourably, and our subdivision will be ready for the market by September of this year. As at June 30, 1971 there were only 5 lots left on the first stage of the sub-division, and 3 of these are expected to be sold in the near future.

To Our Employees

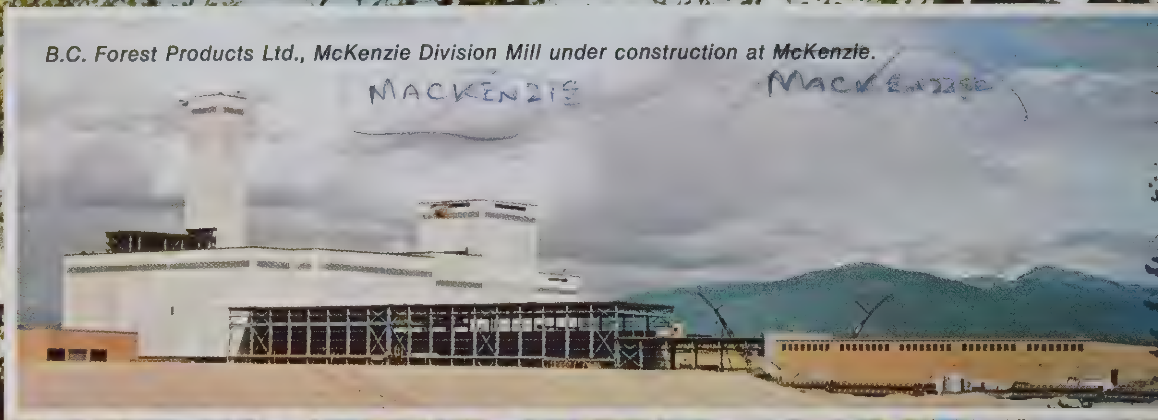
We have had excellent co-operation from our employees, and this is reflected in the efficient operation of the Company. We are proud that practically all of our original employees are still with the Company. They have played a major role in building the Company, which started without a single customer in 1957, and now has 42,394 customers. It is my pleasure to record, on behalf of the Board of Directors, the contribution our employees have made towards the success of your Company.

For the Board of Directors,

J. R. McMahon

Chairman of the Board and President

September 24, 1971



B.C. Forest Products Ltd., McKenzie Division Mill under construction at McKenzie.

MACKENZIE

MACKENZIE

Cariboo Pulp & Paper Company Mill under construction at Quesnel.

Kamloops Pulp & Paper's $100 million expansion at Kamloops.

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED JUNE 30

	1971	*1970*
REVENUE		
Sale of gas	**$16,264,548**	$14,855,615
Transportation allowance	**234,030**	229,032
Other operating revenue	**283,918**	217,074
	16,782,496	15,301,721
EXPENSES		
Purchase of gas	**7,255,902**	6,942,934
Operation and maintenance	**1,837,072**	1,777,335
Property and franchise taxes	**832,241**	707,125
Depreciation (Note 6)	**1,213,018**	1,094,611
Interest on funded debt	**1,773,142**	1,852,510
Other interest	**165,745**	77,290
Amortization of discount and expense on funded debt (Note 2)	**67,157**	74,994
	13,144,277	12,526,799
Income before income taxes	**3,638,219**	2,774,922
Income taxes (Note 7)	**992,262**	632,873
NET INCOME	**$ 2,645,957**	$ 2,142,049
EARNINGS PER COMMON SHARE (Note 8)	**$ 0.87**	$ 0.68

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED JUNE 30

	1971	*1970*
BALANCE AT BEGINNING OF YEAR	**$ 6,288,692**	$ 5,832,564
Net income for the year	**2,645,957**	2,142,049
	8,934,649	7,974,613
Dividends on preference shares—$1.00 per share	**400,000**	400,000
Dividends on common shares—$.55 per share in 1971, $.50 in 1970	**1,414,514**	1,285,921
Common share issue expenses, net of income taxes	**86,793**	—
	1,901,307	1,685,921
BALANCE AT END OF YEAR	**$ 7,033,342**	$ 6,288,692

The accompanying notes are part of these financial statements.

INLAND NATURAL GAS CO. LTD.
and Wholly-owned Subsidiaries

CONSOLIDATED

AS A

ASSETS

	1971	*1970*
CURRENT ASSETS		
Cash	$ 439,531	$ —
Accounts receivable	1,581,066	1,367,291
Inventories of materials and supplies, at cost	823,693	928,503
Prepaid expenses	56,952	45,099
	2,901,242	2,340,893
NON-CURRENT ASSETS		
Mortgages and other long-term receivables	488,550	566,292
Investment in marketable securities, at cost (quoted market 1971 - $90,000, 1970 - $78,000)	100,000	100,000
Real estate held for resale, at cost	417,718	357,283
	1,006,268	1,023,575
PROPERTY, PLANT AND EQUIPMENT, at cost		
Natural gas transmission lines and distribution systems	54,389,869	49,389,552
Plant, buildings and equipment	3,111,625	3,140,042
Land and land rights	1,233,839	1,207,033
	58,735,333	53,736,627
Accumulated depreciation	8,010,463	7,294,623
	50,724,870	46,442,004
Interest in petroleum and natural gas properties	80,338	80,338
Accumulated depletion	54,651	53,667
	25,687	26,671
	50,750,557	46,468,675
OTHER ASSETS AND DEFERRED CHARGES		
Commission and expense on issue of preference shares	1,265,678	1,265,678
Unamortized discount and expense on funded debt (Note 2)	817,000	967,501
Incorporation and organization expenses	25,108	25,108
	2,107,786	2,258,287
	$56,765,853	$52,091,430

The accompanying notes are part of these financial statements.

ALANCE SHEET
NE 30

LIABILITIES

CURRENT LIABILITIES	1971	1970
Bank loan	$ —	$ 31,746
Notes payable	1,300,000	2,000,000
Accounts payable	3,647,372	879,016
Dividends payable	100,000	100,000
Income taxes (Note 7)	338,696	172,898
Interest accrued on funded debt	276,378	287,824
Property and franchise taxes accrued	711,725	601,704
	6,374,171	4,073,188
FUNDED DEBT (Note 3)		
6¼% First Mortgage Sinking Fund Bonds, Series C, due May 1, 1983	16,943,000	17,567,000
8% First Mortgage Sinking Fund Bonds, Series D, due December 31, 1989	5,000,000	5,000,000
5½% Convertible Sinking Fund Debentures, Series A, due February 15, 1977	5,110,000	5,360,000
	27,053,000	27,927,000

SHAREHOLDERS' EQUITY

SHARE CAPITAL		
5% Cumulative preference shares, par value $20 per share, redeemable at not more than $21 per share		
Authorized: 500,000 shares		
Issued: 400,000 shares	8,000,000	8,000,000
Common shares, par value $1 per share (Note 4)		
Authorized: 5,000,000 shares		
Issued: 2,822,122 shares (1970 - 2,571,843 shares)	2,822,122	2,571,843
PREMIUM ON COMMON SHARES (Note 4)	5,483,218	3,230,707
RETAINED EARNINGS (Note 5)	7,033,342	6,288,692
	23,338,682	20,091,242
	$56,765,853	$52,091,430

Approved on behalf of the Board

JOHN A. McMAHON, Director

R. LAIRD CLIFF, Director

INLAND NATURAL GAS CO. LTD.
and Wholly-owned Subsidiaries

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED JUNE 30

	1971	*1970*
SOURCE OF FUNDS		
Operations		
Net income for the year	**$ 2,645,957**	$ 2,142,049
Add – Non-cash charges to income		
Depreciation (Note 6)	**1,213,018**	1,094,611
Amortization of discount and expense on funded debt (Note 2)	**67,157**	74,994
Cash flow from operations	**3,926,132**	3,311,654
Gain on purchase of funded debt for sinking funds (Notes 2 and 3)	**83,344**	218,110
Repayments on mortgages and long-term receivables, net	**77,742**	42,351
Common shares issued (Note 4)	**2,502,790**	—
	6,590,008	3,572,115
APPLICATION OF FUNDS		
Additions to property, plant and equipment	**5,494,900**	3,292,541
Real estate development costs	**60,435**	25,192
Sinking fund for bonds and debentures (Note 3)	**874,000**	709,000
Dividends on preference and common shares	**1,814,514**	1,685,921
Common share issue expenses, net	**86,793**	—
Funded debt issue expenses	**—**	3,418
	8,330,642	5,716,072
DECREASE IN WORKING CAPITAL	**1,740,634**	2,143,957
Working capital deficit at beginning of year	**1,732,295**	(411,662)
WORKING CAPITAL DEFICIT AT END OF YEAR	**$ 3,472,929**	$ 1,732,295

The accompanying notes are part of these financial statements.

AUDITORS' REPORT

To the Shareholders
Inland Natural Gas Co. Ltd.

We have examined the consolidated balance sheet of Inland Natural Gas Co. Ltd. and its wholly-owned subsidiaries as at June 30, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at June 30, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
August 27, 1971

RIDDELL, STEAD & CO.
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 1971

1. Principles of Consolidation

The consolidated financial statements include the accounts of Inland Natural Gas Co. Ltd. and its subsidiaries, all of which are wholly-owned.

2. Unamortized Discount and Expense on Funded Debt

Discount and expense on funded debt is amortized over the life of the issues. Commencing in 1970, in compliance with an order of the Public Utilities Commission of British Columbia, gains on purchase of debt securities for sinking funds are amortized over the remaining life of the issues as a reduction of debt charges.

3. Funded Debt

The 5½% Convertible Sinking Fund Debentures, Series A are (inter alia) unsecured obligations of the Company but are subject to restrictions of the Trust Indenture dated February 15, 1957. They are callable at a premium of 1.3% up to and including February 14, 1972, and thereafter at a reducing premium. The convertible feature of the debentures expired November 15, 1967.

The Trust Deeds relating to the Series C and D bonds and the Series A debentures, require the Company to establish sinking funds to retire approximately 50% of each issue prior to maturity. The annual requirements to date have been fulfilled by retirement of the stipulated principal amount of such securities. The requirements over the next five years are 1972 – $739,000; 1973 – $844,000; 1974 – $883,000; 1975 – $924,000; 1976 – $969,000. Prior to June 30, 1971, the Company had purchased and retired $250,000 Series A debentures and $624,000 Series C bonds in satisfaction of the entire 1972 sinking fund requirements and a portion of the 1973 requirements.

4. Share Capital

On June 21, 1971, 250,279 common shares were issued pursuant to a rights offering to common shareholders at $10 per share. Cash received from the sale of these shares was credited to share capital to the extent of par value and the remainder of $2,252,511 to premium on common shares.

The Series D bonds were issued with share purchase warrants which entitled holders to purchase common shares of the Company on or before June 15, 1979 at $17.50 per share, such price being subject to adjustment in certain events. On June 21, 1971 following the issue of common shares pursuant to the rights offering, the warrant exercise price was adjusted to $16.83 per share. 75,000 unissued shares have been reserved to meet this commitment.

5. Retained Earnings

The Trust Deed relating to the Series C and D bonds contains certain restrictions upon the payment of dividends. All of the Company's retained earnings were free of these restrictions at June 30, 1971.

6. Depreciation

Depreciation is computed on a straight-line basis in conformity with requirements of the Public Utilities Commission of British Columbia whereby approved depreciation rates for each class of plant, designed to amortize the cost of the assets over their estimated useful lives, are applied to the Company's investment in such plant at the beginning of the year. The composite rate for the year ended June 30, 1971, was 2.41%. Rates for major plant classifications are as follows:

Transmission and distribution mains	2%
Meters, compressors, buildings, measuring and regulating equipment	3%
General equipment	5% to 15%

7. Income Taxes

The companies claim capital cost allowances and certain other deductions for income tax purposes in excess of the related amounts recorded in their accounts, thereby reducing income taxes which would otherwise have been charged against income by $801,000 for the 1971 fiscal year and $8,114,000 in total to June 30, 1971. Since only the taxes currently payable are claimed for regulatory purposes in setting consumer rates, as has been approved by the companies' regulatory authorities, the companies follow the taxes payable basis and make no provision for such reductions. This method is considered appropriate in these circumstances by the Canadian Institute of Chartered Accountants.

8. Earnings Per Common Share

Earnings per common share have been calculated using the weighted monthly average number of shares outstanding during the respective fiscal years. Dividend requirements on preference shares of $400,000 each year were deducted from the income figures for purposes of these calculations.
There is no dilution of earnings per share resulting from share purchase warrants outstanding at June 30, 1971.

9. Remuneration of Directors

Remuneration paid to directors, including fees and salaries as officers, amounted to $114,605 for the year ended June 30, 1971.

10. Pension Plan

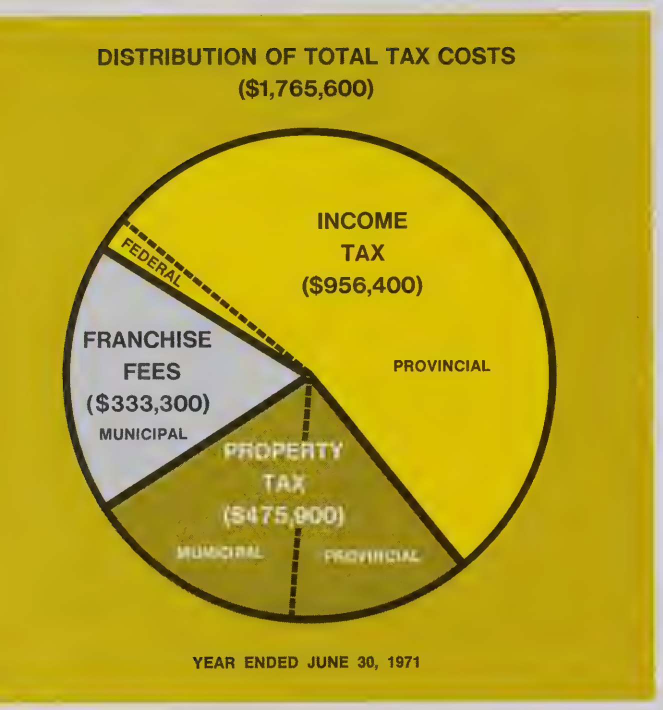
The Company revised its pension plan for salaried employees effective January 1, 1970. The actuarial liability for past service benefits arising from these revisions, $202,000 as at June 30, 1971, is being funded and charged to operations over a twenty year period to 1989 in annual amounts of $18,400.

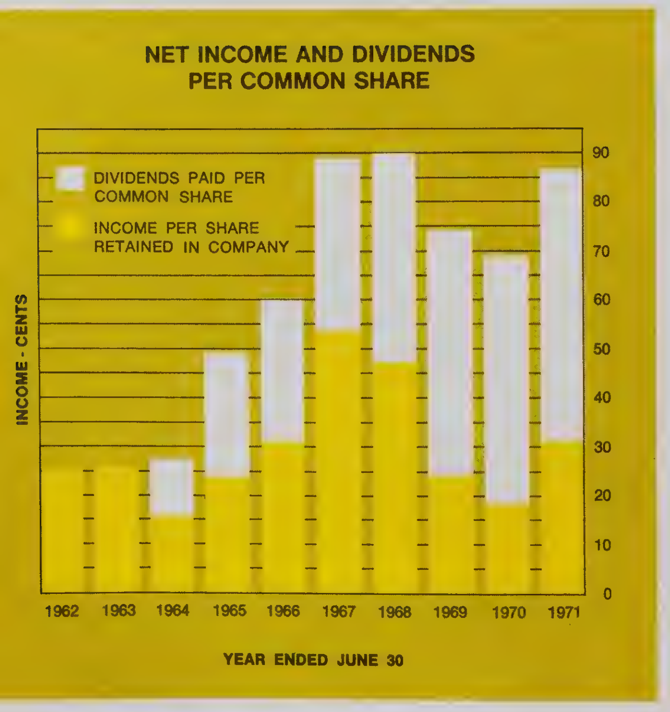
11. Contingent Liability

The Company has guaranteed collection of certain second mortgages sold by Inland Development Co. Ltd. in the amount of $234,000 as at June 30, 1971.

12. Commitments

The Company's current capital program will require expenditures estimated at $11,600,000. Financing for this program is to be provided in part by the projected sale of First Mortgage Sinking Fund Bonds, Series E.





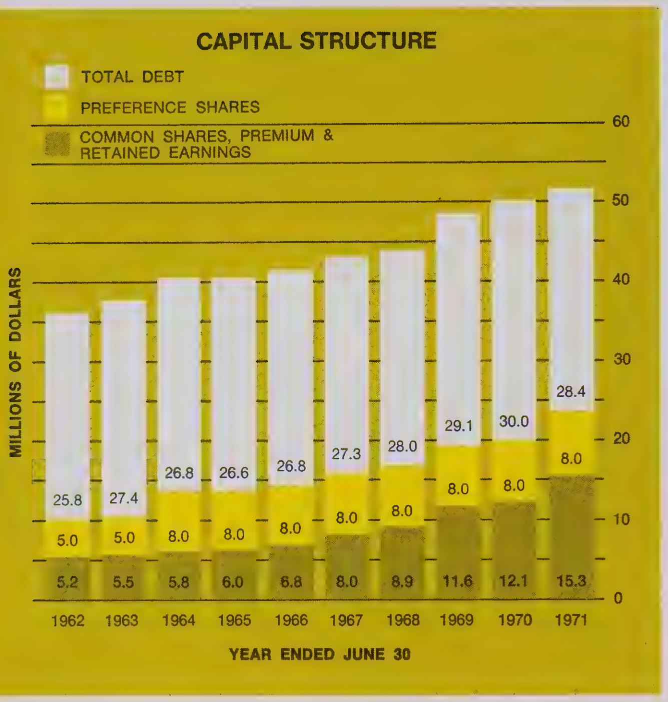
COMPARATIVE STATEMENT O

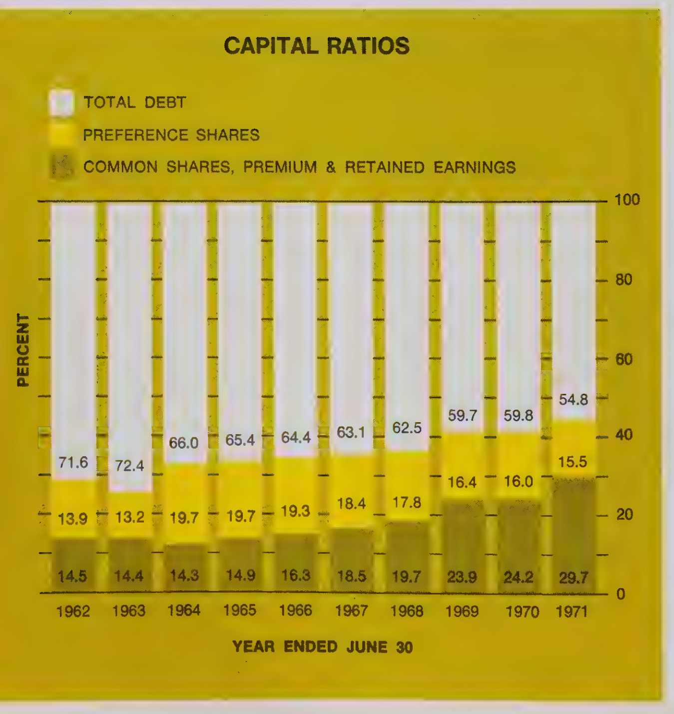
	1971
REVENUE	
Sale of gas	$15,544,855
Transportation allowance	234,030
Other income	266,439
	16,045,324
EXPENSES	
Purchase of gas	6,949,267
Operation and maintenance	1,713,627
Property taxes	475,903
Franchise fees	333,279
Depreciation	1,154,571
Interest on borrowed money	1,956,895
Amortization of debt discount and expense	67,157
	12,650,699
INCOME BEFORE INCOME TAXES	3,394,625
INCOME TAXES	956,362
NET INCOME	2,438,263
INCOME FROM SUBSIDIARY COMPANIES (net)	207,694
NET CONSOLIDATED INCOME	$ 2,645,957
DIVIDENDS	
Preference shares	$ 400,000
Common shares	1,414,514
Total dividends	$ 1,814,514
NUMBER OF COMMON SHARES (average)	2,578,100
EARNINGS PER COMMON SHARE (after provision for preference dividends)	$ .87
DIVIDENDS PER COMMON SHARE	$ .55

CONSOLIDATED INCOME AND DIVIDENDS

1970	1969	1968	1967	1966	1965	1964	1963	1962
14,146,424	13,960,737	12,545,300	12,234,227	9,799,765	8,479,660	7,423,563	6,556,089	5,878,547
229,032	199,400	151,800	151,800	174,053	175,656	151,800	151,800	151,800
238,433	284,512	283,756	292,443	249,064	210,190	191,808	123,647	61,266
14,613,889	14,444,649	12,980,856	12,678,470	10,222,882	8,865,506	7,767,171	6,831,536	6,091,613
6,650,914	6,702,964	5,971,774	5,694,852	4,280,876	3,557,154	3,212,773	2,996,460	2,750,838
1,655,258	1,764,769	1,486,372	1,618,442	1,392,008	1,136,138	982,487	836,784	662,244
430,785	386,764	346,214	316,294	298,680	262,875	225,686	185,064	168,141
258,094	257,692	211,725	199,773	192,324	175,890	147,940	128,841	116,549
1,037,895	965,584	916,347	868,390	803,515	768,834	733,427	493,426	244,783
1,948,695	1,791,638	1,708,993	1,680,905	1,637,693	1,631,624	1,637,036	1,582,600	1,524,156
74,994	97,625	97,215	97,215	97,215	97,215	97,130	61,468	57,277
12,056,635	11,967,036	10,738,640	10,475,871	8,702,311	7,629,730	7,036,479	6,284,643	5,523,988
2,557,254	2,477,613	2,242,216	2,202,599	1,520,571	1,235,776	730,692	546,893	567,625
594,511	490,580	—	—	—	—	—	—	—
1,962,743	1,987,033	2,242,216	2,202,599	1,520,571	1,235,776	730,692	546,893	567,625
179,306	215,613	275,547	286,423	285,628	301,741	314,517	322,701	264,041
2,142,049	2,202,646	2,517,763	2,489,022	1,806,199	1,537,517	1,045,209	869,594	831,666
400,000	400,000	400,000	400,000	400,000	400,000	400,000	250,000	250,000
1,285,921	1,228,367	995,191	819,569	643,948	585,406	292,703	—	—
1,685,921	1,628,367	1,395,191	1,219,569	1,043,948	985,406	692,703	250,000	250,000
2,571,843	2,437,550	2,341,625	2,341,625	2,341,625	2,341,625	2,341,625	2,341,625	2,341,625
.68	.74	.90	.89	.60	.49	.28	.26	.25
.50	.50	.42½	.35	.27½	.25	.12½	—	—

CONSOLIDATED BALANC



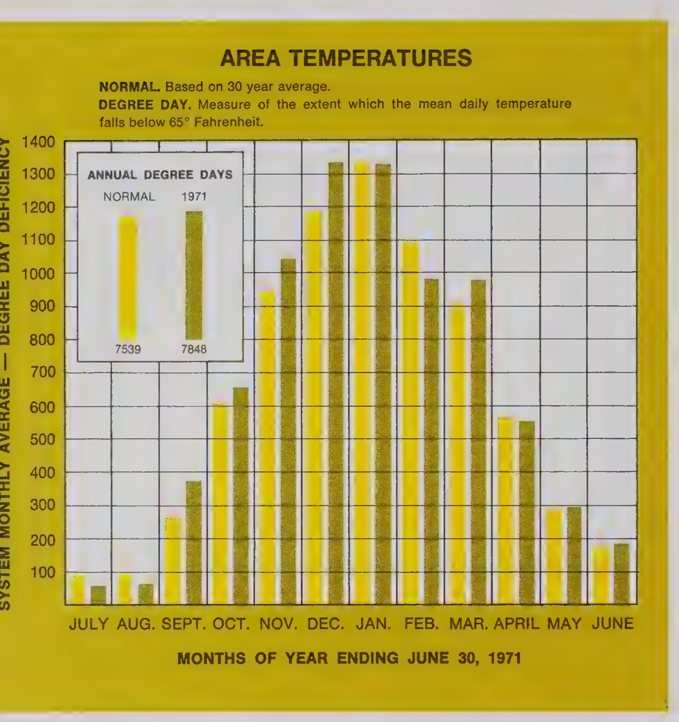


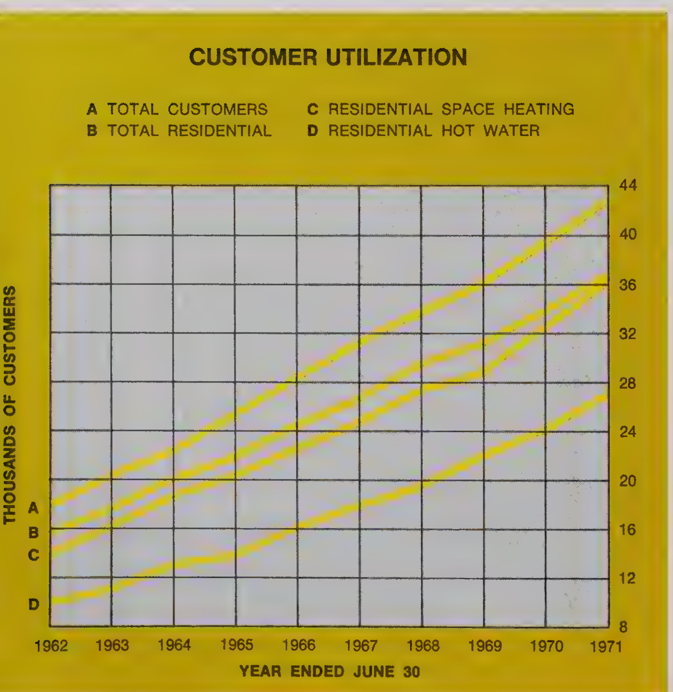
	1971
MILES OF COMPANY OWNED LINES	
Transmission	624
Distribution	831
Services	614
Transmission–subsidiaries	115
UTILITY PLANT ($000)	
Transmission	$22,864
Distribution	26,325
Stand-by	340
General	3,080
Construction work in process	3,499
Total utility plant	56,108
SUBSIDIARIES' PLANT	2,708
	58,816
ACCUMULATED DEPRECIATION	
Inland Natural Gas Co. Ltd.	7,277
Subsidiary companies (including depletion)	788
	8,065
NET CONSOLIDATED PLANT	$50,751
CAPITALIZATION ($000)	
First mortgage bonds	$21,943
Debentures	5,110
Short-term notes and bank loan (net)	1,300
Total debt	28,353
Preference shares	8,000
Common shares	2,822
Premium on common shares	5,483
Retained earnings	7,034
	$51,692
PERCENT OF TOTAL CAPITALIZATION	
First mortgage bonds	42.4
Debentures	9.9
Short-term notes and bank loan (net)	2.5
Total percent of debt	54.8
Preference shares	15.5
Common shares	5.5
Premium on common shares	10.6
Retained earnings	13.6
	100.0
RATIOS	
First mortgages debt interest-times earned	3.81
Total debt interest – times earned	2.91
Preference dividends – times earned	6.62

SHEET INFORMATION

1970	1969	1968	1967	1966	1965	1964	1963	1962
603	559	481	471	440	408	400	393	391
778	691	626	576	541	496	457	433	393
569	526	491	458	424	385	351	319	282
115	115	115	109	109	102	102	102	102
22,615	21,322	19,300	18,570	18,081	17,544	17,231	17,190	16,806
24,727	22,378	20,806	19,258	17,818	16,098	14,890	13,605	12,209
340	338	337	333	324	321	319	318	318
3,313	3,172	2,963	2,953	2,780	2,639	2,381	2,251	1,756
134	896	615	508	68	50	39	77	7
51,129	48,106	44,021	41,622	39,071	36,652	34,860	33,441	31,096
2,688	2,570	2,512	2,496	2,466	2,298	4,447	4,297	4,461
53,817	50,676	46,533	44,118	41,537	38,950	39,307	37,738	35,557
6,615	5,726	4,862	4,017	3,218	2,455	1,758	1,032	532
733	680	632	581	532	481	1,215	1,091	967
7,348	6,406	5,494	4,598	3,750	2,936	2,973	2,123	1,499
46,469	44,270	41,039	39,520	37,787	36,014	36,334	35,615	34,058
22,567	23,478	18,894	19,285	19,653	20,000	20,000	20,000	16,200
5,360	5,600	5,840	6,080	6,320	6,500	6,800	7,027	7,171
2,031	—	3,258	2,000	800	100	—	400	2,400
29,958	29,078	27,992	27,365	26,773	26,600	26,800	27,427	25,771
8,000	8,000	8,000	8,000	8,000	8,000	8,000	5,000	5,000
2,572	2,572	2,342	2,342	2,342	2,342	2,342	2,342	2,342
3,231	3,231	1,159	1,159	1,159	1,159	1,159	1,159	1,159
6,289	5,833	5,335	4,526	3,262	2,519	2,316	1,964	1,734
50,050	48,714	44,828	43,392	41,536	40,620	40,617	37,892	36,006
45.1	48.2	42.2	44.5	47.3	49.2	49.3	52.8	45.0
10.7	11.5	13.0	14.0	15.2	16.0	16.7	18.5	19.9
4.0	—	7.3	4.6	1.9	.2	—	1.1	6.7
59.8	59.7	62.5	63.1	64.4	65.4	66.0	72.4	71.6
16.0	16.4	17.8	18.4	19.3	19.7	19.7	13.2	13.9
5.1	5.3	5.2	5.4	5.6	5.8	5.8	6.2	6.5
6.5	6.6	2.6	2.7	2.8	2.9	2.8	3.0	3.2
12.6	12.0	11.9	10.4	7.9	6.2	5.7	5.2	4.8
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3.09	3.87	3.62	3.50	2.91	2.64	2.25	2.51	2.45
2.48	2.60	2.54	2.55	2.18	2.02	1.72	1.63	1.62
5.36	5.51	6.29	6.22	4.52	3.84	2.61	3.48	3.33

COMPARATIVE STATEMENT OF SALES





	1971
REVENUE ($000)	
Residential	$ 5,477
Commercial	4,226
Special construction	—
Small industrial	1,452
Large industrial	4,390
Total natural gas revenue	$15,545
SALES (MMcf)	
Residential	4,794
Commercial	4,366
Special construction	—
Small industrial	2,124
Large industrial	9,635
Total natural gas sales	20,919
CUSTOMERS AT YEAR END	
Residential	36,972
Commercial	5,360
Special construction	—
Small industrial	62
Customers at year end	42,394
CUSTOMER STATISTICS	
Average use per customer (Mcf)	
Residential	135
Commercial	833
Average rate per Mcf	
Residential	$ 1.14
Commercial	$ 0.97
COST OF NATURAL GAS PURCHASED ($000)	$ 6,949
VOLUME OF NATURAL GAS PURCHASED (MMcf)	20,858
MAXIMUM DAY SENDOUT (Mcf) Including interruptible	92,848

***excluding subsidiary companies**

PURCHASES AND CUSTOMER STATISTICS*

1970	1969	1968	1967	1966	1965	1964	1963	1962
4,738	4,645	3,994	3,862	3,804	3,722	3,159	2,788	2,601
3,566	3,316	2,748	2,391	2,421	2,201	1,720	1,491	1,397
—	—	28	45	66	1	—	—	—
1,272	1,419	1,142	1,238	837	535	376	243	146
4,570	4,581	4,633	4,698	2,672	2,021	2,169	2,034	1,735
14,146	13,961	12,545	12,234	9,800	8,480	7,424	6,556	5,879
4,083	4,200	3,424	3,020	2,772	2,546	2,133	1,867	1,790
3,630	3,389	2,702	2,295	2,171	1,895	1,456	1,257	1,197
—	—	38	59	89	1	—	—	—
1,892	2,050	1,688	1,842	1,211	747	527	345	209
10,394	10,856	12,218	12,543	7,103	5,420	5,964	5,680	4,953
19,999	20,495	20,070	19,759	13,346	10,609	10,080	9,149	8,149
34,174	31,275	29,437	27,133	24,508	22,020	20,148	18,007	15,739
5,121	4,635	4,318	4,013	3,687	3,355	2,979	2,677	2,266
—	—	58	219	398	20	—	—	—
51	69	78	79	73	58	48	36	22
39,346	35,979	33,891	31,444	28,666	25,453	23,175	20,720	18,027
125	138	121	117	119	121	112	111	121
744	756	649	596	617	598	515	509	563
1.16	1.11	1.17	1.28	1.37	1.46	1.48	1.49	1.45
0.98	0.98	1.02	1.04	1.12	1.16	1.18	1.19	1.17
6,651	6,703	5,972	5,695	4,281	3,557	3,213	2,996	2,751
20,040	20,507	19,823	19,387	13,103	10,513	10,011	9,031	8,058
90,839	97,944	84,624	80,447	58,353	51,740	42,711	48,466	43,393

Background picture Kamloops 1889.
Photo donated by the Kamloops Museum.

COMMUNITIES SERVED

Year Service Commenced		Estimated 1971	Population 1961
1957	Quesnel	7,000	5,300
	Williams Lake	11,300*	4,100
	100 Mile House	1,250	700
	Merritt	5,000	2,300
	Kamloops	26,300	16,530
	Valleyview	4,400	1,500
	Dufferin	750	500
	Armstrong	1,550	1,230
	Enderby	1,250	1,050
	Salmon Arm and Canoe	8,500	1,930
	Vernon	21,000*	9,200
	Kelowna	24,750	14,000
	Okanagan Mission	2,600	100
	Summerland	5,350	1,600
	Penticton	18,000	12,400
	Oliver	1,700	1,500
	Osoyoos	1,250	900
	Grand Forks	3,100	2,100
	Rossland	4,300	4,400
	Trail and Tadanac	12,000	11,400
	Warfield	2,265	2,210
	Kinnaird	3,200	1,400
	Castlegar	3,460	1,900
	Nelson	9,910	7,800
1958	Chetwynd	1,450	1,280
	Prince George	64,000*	14,800
1960	Shelley	170	150
1961	Oyama	2,280	1,880
1962	Lac La Hache	380	200
	Brocklehurst	8,500	3,000
	Rutland	9,825	1,500
1964	Savona	670	530
	Winfield	2,700	1,300
	Okanagan Falls	700	350
1965	W. A. C. Bennett Damsite and Hudson's Hope	1,500	70
	Robson	1,250	910
1967	Mackenzie	4,200	—
1968	Princeton	2,700	2,160
	Westsyde	4,300	940
	Falkland	515	410
	Coldstream	3,300	3,160
	Peachland	1,425	640
	Westbank	1,950	620
	Naramata	420	350
	Midway	504	390
	Lakeview Heights	2,050	325
1969	Clinton	1,050	1,020
	Lumby	880	840
	Barnhartvale	1,200	400
1971	Logan Lake	250	—
	Cache Creek	1,200	900
	Ashcroft	2,000	800
		301,554	144,975

**Including suburban area*

The picture left, set against a background of ore, shows a portion of the mineral rich Highland Valley. The foreground illustrates Lornex Mining Corporation Ltd. development where natural gas will be utilized for building heating, drying concentrates and as a boiler fuel. Bethlehem Copper Corporation Ltd.'s operation can be seen near the horizon. Other significant new mining developments not illustrated are Similkameen Mining Company, which is revitalizing the economy in the Princeton area and Gibraltar Mines Ltd. (N.P.L.), northeast of Williams Lake, which Inland has recently serviced.

FOLD OUT FOR SYSTEM MAP

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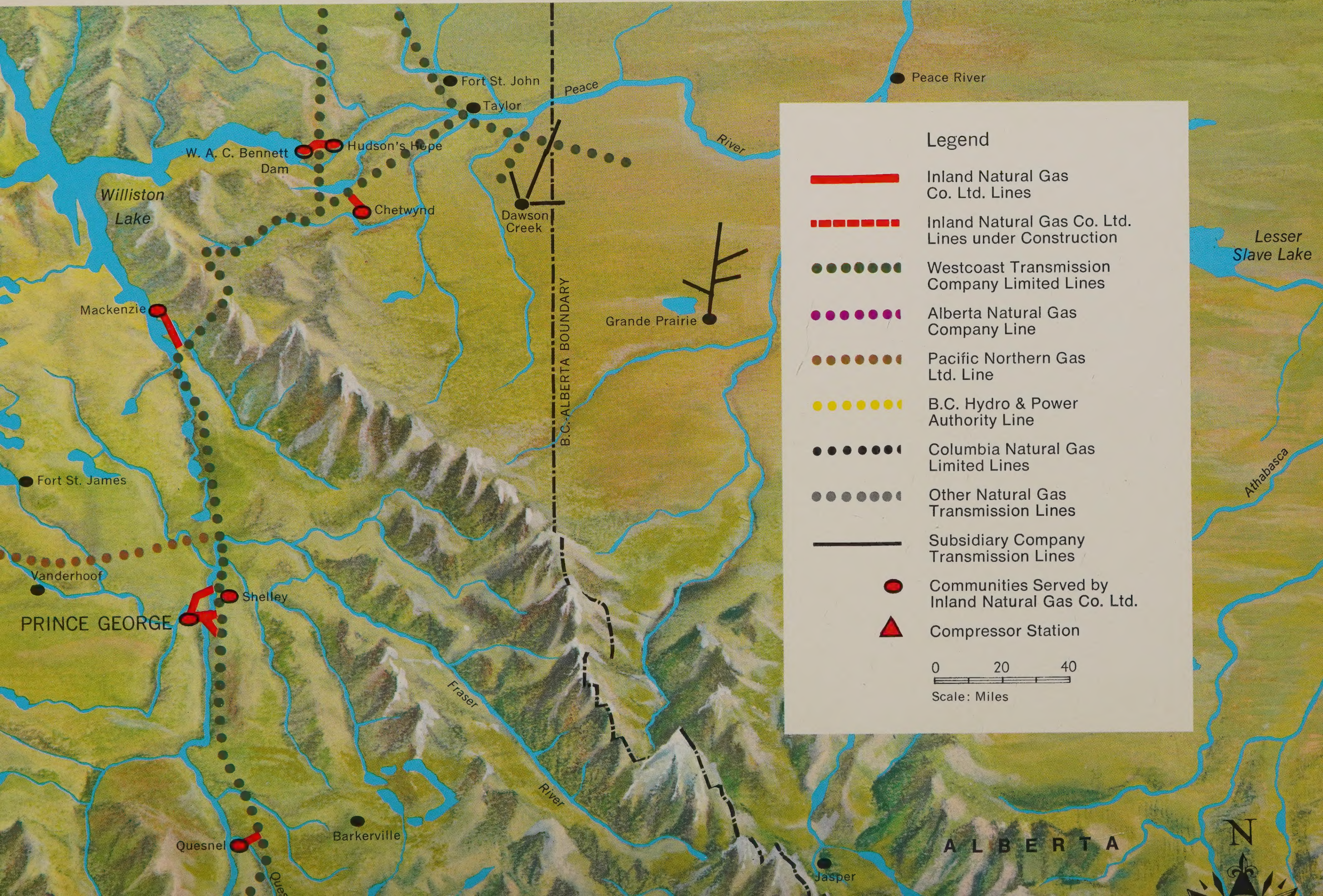
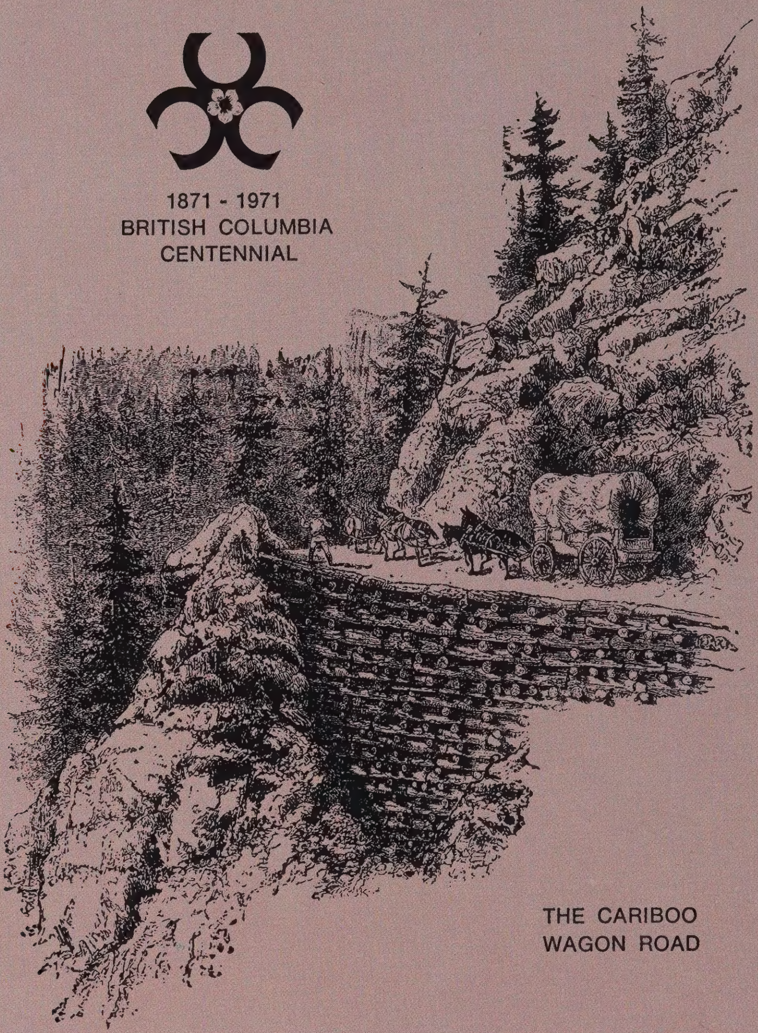
INLAND NATURAL GAS CO. LTD. DISTRIBUTION AREA




BRITISH
COLUMBIA
Columbia Snowfields
Williams Lake
Lac La Hache
100 Mile House
Fraser
Clinton
Cache Creek
Savona
Ashcroft
Highland Valley
Logan Lake
River
Merritt
Princeton
Keremeos
Vancouver
Nanaimo
Victoria
Bellingham
CANADA-U.S.A. BORDER
KAMLOOPS
Salmon Arm
Canoe
Enderby
Armstrong
Falkland
Shuswap Lake
VERNON
Coldstream
Lumby
COMPRESSOR STATION
Okanagan Lake
Oyama
Winfield
Rutland
KELOWNA
Westbank
Peachland
Summerland
Naramata
PENTICTON
Okanagan Falls
Oliver
Osoyoos
Midway
Grand Forks
Rossland
TRAIL
Kinnaird
Castlegar
Robson
NELSON
Fruitvale
Salmo
Montrose
Arrow Lake
Kootenay Lake
Revelstoke
Columbia River
Lake Louise
Banff
Skookumchuck
Kimberley
Cranbrook
Creston
Fernie
Crowsnest
WASHINGTON
IDAHO
MONTANA

1871 - 1971
BRITISH COLUMBIA
CENTENNIAL



THE CARIBOO
WAGON ROAD